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SUBJECT: BULGARIA; RESPONSE ON FINANCIAL CRISIS' EFFECT ON  
EUROPEAN MIGRATION (C-RE9-00762)

REF: STATE 43864

(U) This cable is sensitive but unclassified - please protect accordingly. The following is Bulgaria's response to reftel information request. Answers are keyed to the questions in reftel.

¶1. (SBU) SUMMARY: The Global Financial Crisis is beginning to affect Bulgaria, but not yet to the extent of other EU nations. Few migrants work in the country and therefore increased negativity or violence against immigrants is nonexistent. Relatively few Bulgarian migrants have returned to date because conditions in host countries are often still more favorable than home. Though the crisis affected Bulgaria to a lesser extent at first, labor conditions are worsening, and the pace of manual laborers returning from abroad is picking up. END SUMMARY.

¶2. (SBU) A1. The Government of Bulgaria (GOB) does not currently have any programs to effectuate the return of migrants to their home countries. Bulgaria employs a negligible number of migrant workers.

¶3. (SBU) A2. The GOB has not taken any recent measures to discourage migrant workers from coming to the country. EU regulations state that Bulgaria must allow free movement and employment of EU citizens. Because unemployment even in positive economic conditions is a problem here, Bulgarian companies are hesitant to hire non-native labor. In addition, people from outside the EU would find legal employment difficult because of local regulations fixing the ratio of foreign to Bulgarian workers in the labor market.

¶4. (SBU) A3/A4. Other nations have not pressured the GOB to allow migrant workers to remain in Bulgaria. A minuscule number of undocumented migrants make Bulgaria their final destination. Bulgaria is a transitory gateway to other EU countries, especially for undocumented and trafficked persons, but rarely do they make this country their home.

¶5. (SBU) A5/A6. Migrants in Bulgaria work in a limited range of disciplines, mainly in small enterprises, such as restaurants or small trading companies. Bulgaria once had a small number of Vietnamese working in the construction industry, but most returned to their country well before the crisis. Fluctuations between sectors are negligible because of the low number of migrants in Bulgaria. According to Krassimir Kanev of the Bulgarian Helsinki Committee, anti-immigrant or anti-foreigner feelings in Bulgaria have not increased because of the global financial crisis.

¶6. (SBU) B1. For the first quarter 2009, net remittances

to Bulgaria from abroad were 12 percent lower than the same period in 2008. As a share of GDP, remittances only fell 0.1 percent. The GOB expects the global financial crisis to cause a decrease in overall worker remittances for 2009, but economists predict the share of remittances as a percentage of GDP to remain near 1.5 percent. To date, the economy appears relatively unaffected in macro terms by the drop in worker remittances. But, for individual families, the drop is significant.

¶17. (SBU) B2. Bulgarian migrant workers have not yet returned en masse to the country, though news reports suggest a sporadic flow of returnees. A recent news report claimed that many migrant workers in Spain had lost their jobs in the construction industry and some who had returned had been able to find employment in Bulgaria's construction sector. Nevertheless, other reports from Italy show low-skilled Bulgarians lining up at employment agencies, hoping to find another job. Unemployed Bulgarian migrants ostensibly have greater incentive to remain abroad and look for a new job in the host country rather than return to Bulgaria with the same potentially negative employment prospects and lower salary. The GOB has thus far directed economic stimulus efforts at existing workers and businesses, rather than job creation for returning migrants.

¶18. (SBU) B3/B4. The GOB does not have any reports of social tensions caused by returning migrant workers. The GOB is not taking steps to either encourage or discourage migrant workers from returning to Bulgaria. When the economy was at a peak, the GOB spoke of plans to lure skilled labor back to the country, but results were sporadic and based more on personal decision rather than government efforts. Wage

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disparities between Bulgaria, the EU and the United States are still too high to cause a return of skilled labor. Though the GOB is not actively discouraging unskilled migrants from returning, the government would be unhappy if a large number of workers did so. Limited employment opportunities and a burdened social services infrastructure could cause potential problems.

¶19. (SBU) B5. Spain, being one of the primary destinations for Bulgarian migrant workers, has one of the highest unemployment rates in the EU; however, the country actually lifted restrictions on Bulgarian (and Romanian) migrant workers as of January 1, 2009 - during the midst of the crisis. Greece and Denmark also lifted restrictions on Bulgarian migrants on the same date. Except for personal reasons, or a severe, long lasting recession, Bulgarian migrants have little incentive to return. Established lives and higher wages anchor Bulgarian migrants in their host countries, providing greater constancy than conditions at home. But, we cannot foreclose larger return flows if/as social, psychological, and economic conditions change in host countries.

¶110. (SBU) B6. The effects of the global financial crisis do not yet strain the domestic safety net system. At least in unofficial numbers unemployment is not rising as quickly as predicted - official unemployment was 7 percent in April, compared with 6.3 percent at the end of 2008. The GOB budgeted for the domestic safety net system with a mild to moderate recession possible. And because of family and kinship patterns, many Bulgarians have other fallback mechanisms to cope.

¶111. (SBU) COMMENT: Although Bulgaria has weathered the global financial crisis better than some Eastern European countries, fierce labor competition, uncertainty of employment and low salaries are keeping migrants from returning. Unemployment is rising and underemployment is a major concern as well. According to Ruslan Stefanov, Economic Program Coordinator of the Center for the Study of Democracy (CSD), people are reporting working 50 percent less

than last year. Gloomy forecasts predict unemployment rates to rise as high as 10 percent through 2009. An unofficial CSD survey estimates Bulgaria is already suffering 12 percent unemployment. Other macro indicators estimate exports down 30 percent and tax revenues down 5 percent from first quarter 2008. The GOB spent 2.5 billion Euros from October 2008 to March 2009 propping up the economy, but will now be moving into debt spending. The GOB has handled the financial crisis well so far, but an unpredictable future awaits any new government after the July 5 general elections. Most analysts predict harder times, tougher conditions, and more belt-tightening. END COMMENT.  
McEldowney